

Message Text

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ACTION ARA-06

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 3835

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USCINCSO

C O N F I D E N T I A L SECTION 1 OF 2 PANAMA 2719

LIMDIS

FOR DEPUTY NEGOTIATOR BELL

EO 11652: GDS

TAGS: PN, PFOR

SUBJ: CANAL TREATY NEGOTIATIONS: LOCAL ATMOSPHERE COOLING

REF: A) PANAMA 2686 C) PANAMA 2515 E) FBIS PANAMA 081639Z MAY75

B) PANAMA 2688 D) FBIS PANAMA 072102ZMAY75

SUMMARY. PESSIMISM CONCERNING THE CANAL TREATY NEGOTIATIONS HAS GROWN IN RECENT WEEKS DUE TO THE ANTI-TREATY CAMPAIGN IN THE ZONE, THE METCALFE VISIT AND HEARINGS, STATEMENTS FROM WASHINGTON CONCERNING THE NEGATIVE IMPACT OF VIETNAM ON THE NEGOTIATIONS, AND PRESIDENT FORD'S STATEMENT CONCERNING TREATY DURATION. PANAMANIAN OFFICIALS HAVE INTERPRETED THESE DEVELOPMENTS, ALONG WITH THE LACK OF VISIBLE PROGRESS IN THE NEGOTIATIONS, AS SIGNS OF A TOUGHENING IN THE U.S. NEGOTIATING POSITION. AS A REACTION PANAMANIAN ARE TOUGHENING THEIR POSITION AND PREPARING POLITICALLY AND PSYCHOLOGICALLY FOR A POSSIBLE BREAKDOWN IN THE NEGOTIATIONS. CONCURRENTLY FOREIGN MINISTER TACK'S STAR HAS BEEN RISING AGAIN AND THE INFLUENCE OF TORRIJOS' MORE MODERATE ADVISORS APPEARS TO HAVE BEEN RECEDING. TORRIJOS CLEARLY STILL WANTS AND HOPES FOR A TREATY, BUT IS MOVING TO PROTECT HIS POLITICAL FLANKS SHOULD

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THE TALKS BREAK DOWN. END SUMMARY.

1. AN ATMOSPHERE OF PESSIMISM CONCERNING THE CANAL TREATY NEGOTIATIONS SETTLED OVER PANAMA CITY DURING THE PAST THREE WEEKS. IT IS EVIDENT IN PUBLIC STATEMENTS OF OFFICIALS, PRESS COMMENTARY AND IN OUR PRIVATE CONVERSATIONS WITH PANAMANIAN. TACK'S STATEMENTS DURING HIS TRIPS ABROAD INCREASINGLY REFLECTED THIS MOOD, AND IT WAS UNDERLINED IN A FEATURE ARTICLE (ACAN/ EFE BY JUAN LOBOTE) IN CRITICA MAY 6 REPORTING THAT TACK HAD SAID THAT NEGOTIATIONS BETWEEN PANAMA AND U.S. WERE "STALLED" DUE TO PRESSURE FROM THE PENTAGON AND THE U.S. CONGRESS (REFS A AND B).

2. EVENTS WHICH HAVE CREATED THE MOOD OF PESSIMISM INCLUDE THE FOLLOWING: STATEMENTS BY MEMBERS OF CODEL METCALFE - ESPECIALLY THOSE OF CONGRESSMAN RINALDO ALLEGING STATE DEPARTMENT WAS DECEIVING PANAMANIAN - IN OPPOSITION TO THE NEGOTIATIONS, THE INTENSIVE PAMPHLET AND LETTER CAMPAIGN WHICH HAS BEEN UNDERWAY IN THE CANAL ZONE SINCE METCALFE'S VISIT AND WELL-PUBLICIZED REPORTS OF CZ EMPLOYEES' TESTIMONY BEFORE THE METCALFE SUB-COMMITTEE IN WASHINGTON, QUOTES FROM A U.S. PENTAGON OFFICIAL TO EFFECT THAT SOUTHEAST ASIA EVENTS WOULD STRENGTHEN U.S. OPPOSITION TO TREATY, AND NEWS OF ANTI-TREATY RESOLUTION SIGNED BY 113 CONGRESSMEN. THE FIRST PUBLIC DISCUSSION OF THE SO-CALLED "IMPASSE" APPEARED APRIL 29 IN RICARDO LINCE'S COLUMN IN CRITICA. LINCE WROTE THAT THE REAL SITUATION IN NEGOTIATIONS HAD BEEN BROUGHT INTO OPEN WITH PRESIDENT FORD'S STATEMENT ON THE DURATION OF THE TREATY. LINCE SAID THE U.S. POSITION WAS REJECTED BY FOREIGN MINISTER TACK (SEE REF C FOR TACK'S APRIL 26 STATEMENT AT TOCUMEN) AND THAT THE NEGOTIATIONS WERE AT AN IMPASSE. "THE U.S. GOVERNMENT," WROTE LINCE, "IS MERELY AGGRAVATING THE CAUSES OF CONFLICT INSTEAD OF ELIMINATING THEM, AS IS THE WISH OF PANAMA..." HE WENT ON TO STATE THAT THE FOREIGN MINISTRY WAS PREPARING FOR A DIPLOMATIC BATTLE AT THE OAS AND, AS A WAY OF INCREASING ITS SUPPORT, WOULD EXPAND ITS CIRCLE OF FRIENDS BY ESTABLISHING DIPLOMATIC RELATIONS WITH THE PEOPLES' REPUBLIC OF CHINA.

3. RELIABLE EMBASSY SOURCE HAS SAID THAT TACK HAS CONVINCED TORRIJOS THAT THE "TOUGH LINE" VIS-A-VIS PANAMA HAS PREVAILED IN U.S. POLICY. TORRIJOS AND TACK NOW DISCOUNTED THE SIGNALS
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WHICH HAD BEEN COMING FROM THE U.S. EMBASSY AND THE U.S. NEGOTIATORS TO THE EFFECT THAT U.S. POLICY WAS TO OBTAIN A MUTUALLY SATISFACTORY TREATY. TORRIJOS WAS NOW SUSPICIOUS THAT THESE ASSURANCES HAD BEEN PART OF AN ORCHESTRATED EFFORT TO KEEP PANAMA FROM APPLYING PRESSURE ON THE U.S. COMMENTARY FROM OTHER SOURCES, WHILE NOT SO EXPLICIT, CONFIRMS THAT PANAMANIAN LEADERS HAVE BECOME PESSIMISTIC AND THE MOOD HAS EXTENDED THROUGHOUT POLITICAL AND MEDIA CIRCLES. SINCE THE "IMPASSE" THEME WAS PUT

FORTH IN THE LINCE ARTICLE, IT HAS APPEARED ELSEWHERE IN THE PRESS, IN COMMENTARY OVER RADIO IMPACTO BY ALBERTO QUIROS GUARDIA RIDICULING GOP OFFICIALS FOR THEIR PREVIOUS OPTIMISM, AND MOST RECENTLY IN THE CRITICA FEATURE ARTICLE MAY 6 REPORTEDLY BASED ON AN INTERVIEW WITH TACK (SEE PANAMA 2686 AND 2688).

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C O N F I D E N T I A L SECTION 2 OF 2 P PAMA 2719

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FOR DEPUTY NEGOTIATOR BELL

4. PERHAPS AS A THERMOMETER OF THE PUBLIC MOOD CONCERNING THE NEGOTIATIONS, HEADLINES IN THE PRESS WENT FROM "WE ARE NOT SEEKING CONFRONTATION WITH THE U.S. -- TACK" (APRIL 28), AND "BUNKER TO NEGOTIATE PACT LEADING TO CONGRESSIONAL IJ" (ABOVE REPRINT OF BUNKER'S LETTER TO CZ GOVERNOR) (MAY 2), TO "PANAMA ENVOY WON'T RULE OUT VIOLENCE" (MAY 6) AND "PRESSURES OF PENTAGON STALL NEGOTIATIONS" (MAY 6). TO DATE NO EDITORIAL COMMENT HAS APPEARED CONCERNING AMBASSADOR BUNKER'S LETTER TO CZ GOVERNOR, ALTHOUGH IT WAS REFERRED TO IN ONE ARTICLE (REF B). FEATURE EDITORIALS APPEARED IN INDEPENDENT LA ESTRELLA'S FEATURE EDITORIAL MAY 7 "ABOUT THE NEW TREATY", DIRECTED AT U.S. OPPONENTS OF A TREATY, POINTED OUT THAT U.S. INTRANSIGENCE ON CANAL ISSUE COULD RESULT IN "SERIOUS DAMAGE" FOR THE U.S. INTERNATIONAL AND HEMISPHERIC PRESTIGE TO SAY NOTHING OF ITS INTERESTS IN THE CANAL OR A FUTURE CANAL. (SEE REF D FOR FULL TEXT.)

5. THE FEATURE EDITORIAL IN THE GOP-CONTROLLED EL PANAMA AMERICA OF MAY 7 ALSO DEALT ENTIRELY WITH PANAMANIAN DIPLOMACY CONCERNING THE CANAL ISSUE (THIS EDITORIAL WAS REPRINTED IN MATUTINO MAY 8 - AN INDICATION THAT IT WAS A STATEMENT OF GOP POLICY). IT OUTLINED STRATEGY OF GOP TO ACHIEVE ITS CANAL OBJECTIVES THROUGH CONFIDENTIAL

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NEGOTIATION, BUT ASSERTED THAT FAILURE TO ACHIEVE THESE ASPIRATIONS BY NEGOTIATION COULD LEAD TO "UNPREDICTABLE AND UNCONTROLLABLE SITUATIONS" BECAUSE THE PANAMANIAN PEOPLE ARE TIRED OF "HUMILIATION" BY NORTH AMERICAN IMPERIALISM IF U.S. POSITION REMAINS INTRANSIGENT, PANAMA WILL HAVE NO RECOURSE BUT TO TAKE ACTION REGARDLESS OF CONSEQUENCES. EDITORIAL CONCLUDED BY ASSERTING THAT EFFORTS OF "ZONIANS" AND PENTAGON TO STALL THE NEGOTIATIONS WOULD MAKE THEM RESPONSIBLE FOR WHATEVER "ABNORMAL" SITUATION THAT RESULTED IF AN "EXPLOSION" OCCURRED IN PANAMA. OTHER SIGNIFICANT EDITORIAL COMMENT APPEARED IN CRITICA MAY 7 AND HAS BEEN REPORTED BY FBIS (REF E).

6. COMMENT. SEVERAL FACTORS ARE AT PLAY IN THE PANAMANIAN ENVIRONMENT SURROUNDING THE NEGOTIATIONS. THE OPTIMISM THAT ACCOMPANIED THE PREVIOUS MOMENTUM IN THE NEGOTIATIONS HAS FADED AND WITH IT SOME OF THE PERSUASIVENESS OF THE MODERATES IN TORRIJOS' AND LAKAS' ENTOURAGES HAS ALSO DIMINISHED. THEY HAD BEEN ARGUING THAT THE U.S. EXECUTIVE, SPEAKING THROUGH THE NEGOTIATORS, REALLY INTENDED TO WORK OUT A TREATY SATISFACTORY TO BOTH SIDES. TO MAINTAIN THE MOMENTUM, PANAMA'S NEGOTIATORS HAD MADE COMPROMISES, EXPECTING SIMILAR ADJUSTMENTS IN THE U.S. UNFORTUNATELY, THE UNCERTAIN IMPACT ON THE U.S. OF REVERSES IN VIETNAM AND THE OTHER SIGNS MENTIONED IN PARAGRAPH 2 ABOVE HAVE HAD A CHILLING IMPACT ON PANAMANIAN ATTITUDES. IN THE ABSENCE OF VISIBLE MOVEMENT IN THE NEGOTIATIONS, A FEELING THAT THE U.S. EXECUTIVE MAY WELL BE ENGAGED IN TOUGHENING ITS POSITION UNDER CONGRESSIONAL AND MILITARY PRESSURE HAS SPREAD THROUGH THE GOP AND THE INFORMED POPULACE.

7. IN THIS ENVIRONMENT, THE INFLUENCE OF THOSE WHO MAINTAINED THEIR SUSPICION OF THE U.S. AND HAD ARGUED FOR A HARDER LINE IN THE NEGOTIATIONS HAS AGAIN GROWN STRONG. TACK, WHOSE STAR HAD WANED, CAME BACK INTO THE LIMELIGHT. LEAVING OPEN THE QUESTION OF WHETHER TACK, USING THE EVENTS OF RECENT WEEKS, HAS SOWN SEEDS OF SUSPICION IN TORRIJOS' MIND CONCERNING THE U.S. NEGOTIATORS - AS MAINTAINED BY ONE EMBASSY SOURCE - TORRIJOS IS PREPARING FOR A CONFRONTATION IN THE EVENT THAT THE NEGOTIATIONS BREAK DOWN. WE BELIEVE TORRIJOS IS STILL COMMITTED TO AND HOPEFUL CONCERNING THE NEGOTIATIONS, BUT HE IS NOW TRANSFERRING SOME OF HIS POLITICAL EGGS OUT OF THE NEGOTIATIONS AND INTO THE MULTILATERAL BASKET. CONFIDENTIAL

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